



Standard Oil Company of California 1958 Annual Report



11/20/58
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Front Cover: Richmond Long Wharf on San Francisco Bay, with tankers loading and discharging. Richmond refinery in background.



Standard Oil Company of California

Directors and Officers

R. G. FOLLIS *Chairman of the Board, Director*
T. S. PETERSEN *President, Director*
HILLYER BROWN *Vice-President, Director*
ASA V. CALL *Director*
G. A. DAVIDSON *Vice-President, Director*
T. L. LENZEN *Vice-President, Director*
GAGE LUND *Vice-President, Director*
ATHOLL McBEAN *Director*
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E. R. PETERSON *Vice-President*
G. M. FOSTER *Secretary*
H. C. JUDD *Treasurer*
W. K. MINOR *Comptroller*

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Results in brief

Financial

	1958	1957	Average 1953 — 1957
<i>Net Income</i> declined 11% in 1958 as Eastern Hemisphere increase partially offset Western Hemisphere decline			
Western Hemisphere	\$ 137,512,948	\$ 195,559,648	\$ 149,816,935
Eastern Hemisphere	120,245,871	92,670,743	87,900,214
Total	\$ 257,758,819	\$ 288,230,391	\$ 237,717,149
<i>Cash Dividends</i> increased 5% above 1957	\$ 126,448,772	\$ 120,121,947	\$ 97,569,362
<i>Capital and Exploratory Expenditures</i> in 1958 were reduced 16%	\$ 343,306,000	\$ 410,679,000	\$ 324,693,000
<i>Stockholders' Equity</i> increased as approximately one-half of net earnings were reinvested in the business			
Total Assets	\$2,451,069,000	\$2,246,296,000	\$1,871,262,000
Liabilities	460,859,000	387,396,000	326,280,000
Stockholders' Equity	\$1,990,210,000	\$1,858,900,000	\$1,544,982,000
Additional Equity in Foreign Affiliates (principally Eastern Hemisphere)	447,825,000	451,912,000	407,538,000
Combined Equity — at book value	\$2,438,035,000	\$2,310,812,000	\$1,952,520,000
<i>Dollars per Share</i> (63,224,386 shares)			
Net Income	\$4.08	\$4.56	\$3.76
Cash Dividends	\$2.00	\$1.90	\$1.54

Operating

		Barrels Daily	
Gross Production of Crude Oil and Natural Gas Liquids			
Western Hemisphere	402,300	455,000	382,100
Interest in Eastern Hemisphere	452,600	436,100	360,500
Total World-Wide	854,900	891,100	742,600
Refinery Runs of Crude Oil			
Western Hemisphere	509,000	518,600	472,400
Interest in Eastern Hemisphere	272,700	265,400	233,600
Total World-Wide	781,700	784,000	706,000
Sales of Petroleum Products			
Western Hemisphere	513,600	501,300	474,500
Interest in Eastern Hemisphere	251,500	250,600	220,900
Total World-Wide	765,100	751,900	695,400

Annual Report to the Stockholders

1958

Directors of the Company take this opportunity to report on operations for 1958 and to comment on the outlook for the current year.

Net income for 1958 was \$257,758,819, or \$4.08 a share. This was 11 per cent under the 1957 net of \$288,230,391, or \$4.56 a share.

A total of \$126,448,772 was paid in dividends, at the rate of \$2.00 a share. This compared with a 1957 dividend total of \$120,121,947, which amounted to \$1.90 a share.

The world-wide diversification of the Company's operations was the principal factor which enabled it to maintain 1958 earnings at a level relatively close to that of 1957, despite the economic decline of the first six months. This diversification tended to ease the effect on the Company of downward economic trends in certain areas.

During the first half of 1958, increased net income from Eastern Hemisphere operations helped to offset the decline in earnings in the Western Hemisphere. This was the opposite of the Company's experience in 1957, when higher Western Hemisphere net income compensated for reduced Eastern Hemisphere earnings resulting from the Suez Crisis.

Improvement noted in the general economy at the outset of 1959 was also reflected somewhat in the oil industry. Supply-demand ratios were generally in better balance than at the same time in 1958. Demand for petroleum products in the United States is expected to increase this year by nearly five per cent, and in Free Foreign areas by about nine per cent. It is to be expected, however, that in the short term these favorable factors will be offset to

some extent by increasing competition for domestic and foreign markets; rising labor costs; and the problems of over-supply abroad, both in oil and in the tankers that transport it. Tanker rates, presently in a depressed state, are of particular concern to the Company because of its sizable investment in these vessels.

Long-run prospects for the industry remain generally favorable. The world's population is multiplying and per capita consumption of energy is increasing. Further, it is anticipated that oil and natural gas will continue to serve an increasing proportion of the world's rapidly growing energy requirements for the foreseeable future.

* * *

Total expenditures for capital and exploratory purposes in 1958 amounted to \$343,000,000, as against an all-time high of \$411,000,000 in the previous year. This reduction particularly reflected lower expenditures for development drilling — \$117,000,000, compared with \$158,000,000 in 1957. Since domestic crude oil demand slackened during the year, the Company's rate of development drilling was accordingly adjusted to conform with economic requirements.

The Company's program for discovery of additional oil and gas reserves, which is designed to meet increased demands far in the future, continued at virtually the same pace as in preceding years, with total expenditures reaching \$118,000,000.

Capital expenditures in other branches of the business, including manufacturing, marketing and transportation, were \$108,000,000.

Note: References to "the Company" include activities of wholly owned operating subsidiaries. The term "affiliate" refers to a company in which the interest held is less than 100 per cent.

In 1959 it is estimated that total capital and exploratory expenditures will reach \$400,000,000. Of this figure approximately two-thirds will be devoted to exploration and to development of crude oil and gas production.

During the year the Company sold \$150,000,000 in long term debentures, the proceeds of which were used in part to repay \$80,000,000 of bank indebtedness falling due in 1958. The balance will provide a working margin of funds for the future.

Approximately \$24,000,000 more in cash was generated from the business than was paid out, and there was \$192,000,000 in cash and government securities on hand for the consolidated operations at the close of 1958.

It is expected that the various programs for 1959 will be financed entirely from cash generated from operations, and from funds on hand, without recourse to further borrowing.

* * *

The Company's world-wide gross production of crude oil and natural gas liquids, including its interest in the production of Eastern Hemisphere affiliates, was 854,900 barrels a day in 1958. This compared with 891,100 barrels daily in 1957.

Exploratory efforts in the Western Hemisphere were among the most satisfactory in recent years and resulted in important oil and gas discoveries. Continuing the trend of recent years, new proved reserves of oil were established in 1958 in an amount equivalent to two barrels for each barrel consumed. This again increased substantially the Company's net underground inventories of petroleum.

Significant discoveries were accomplished during the year at widespread locations, notably offshore and onshore in California and Louisiana, and in Texas. The outstanding discovery of the year was made in the offshore field at Bay Marchand, Louisiana. It seems probable that this discovery doubled reserves in this already large field. Most of the acreage

affected is controlled by the Company. Another important discovery was made in a joint venture in the submerged lands off the coast of California, indicating that this area may become the source of important oil production.

Results of drilling and production tests on the Company's joint operation on the Kenai Peninsula of Alaska were encouraging; stepped-up operations are planned there for 1959.

Natural gas reserves of the Company were increased substantially, particularly in Louisiana, Texas and California. Additions to these reserves were more than four times the amount of withdrawals. The value and rate of production of the Company's gas reserves have been increasing rapidly, because of the growing economic importance of gas as a fuel.

Construction of a refinery near Honolulu, Hawaii, was begun in 1958. A jointly owned refinery was started at Saint John, New Brunswick, Canada, to serve the requirements of Irving Oil Company, Limited. This Canadian firm, in which the Company has a substantial interest, is an important marketer in the Atlantic Provinces and in Quebec.

Dividends and other income from Eastern Hemisphere operations during 1958 amounted to \$120,246,000 after taxes, compared with \$92,671,000 in 1957. Dividends from foreign affiliates, principally those in the Eastern Hemisphere, exceeded the Company's equity in the affiliates' 1958 earnings by \$4,160,000. The Company's equity in net assets of these affiliates, at book value, now exceeds cost of the investment as carried on the Company's books by \$447,825,000. This figure represents primarily the accumulation by Eastern Hemisphere affiliates of undistributed earnings from previous years.

Over-supply was troublesome to the oil industry during the year. This was particularly true in the case of heavy fuel oils on the West Coast, where many markets for these oils were adversely affected by increasing availability of natural gas and hydroelectric power.

The regulation of oil imports continued to pose a major problem to the industry; imports were further curtailed under the system of voluntary controls which continued through 1958. The Company has been opposed to mandatory Federal controls, taking the position that such controls violate the principle of a free economy. It has rigidly complied with the voluntary program, recognizing that under this flexible system the Administration has had the best chance of withstanding the many conflicting national and international pressures involved in this problem. In the last year, however, it has become evident that the current voluntary control program is no longer fully effective, because of non-compliance and evasion by a minority of importers. The Company has accordingly taken a position in favor of more effective controls.

Nonetheless, the Company continues firm in its conviction that a liberal and flexible import policy remains indispensable to our national security, to enable prompt adjustment to changing conditions and, moreover, to preserve our relations with friendly oil-producing countries.

* * *

At the close of the year the government of Venezuela retroactively raised the income taxes it levies on business. Its share of the earnings of oil companies, including both royalties and taxes, was increased in varying amounts, typically from about 50 per cent to approximately 60 per cent. This departure from the competitive 50-50 pattern for sharing oil profits between government and company, generally existing in other foreign countries,

may be expected to lessen the attractiveness of Venezuela to foreign oil investors and thus prove detrimental to the growth and development of the oil industry in that country.

In this connection, it should be pointed out that concessions to which the Company is a party in the Middle East are governed by written contracts. These specify length of time the concession is to be in force and establish by mutual agreement that profits are to be shared equally between government and company, taking into consideration the total of both royalties and taxes paid to the government. In Venezuela, however, there have been no formal contracts prescribing the 50-50 split.

* * *

In the so-called West Coast antitrust suit against the Company and six other oil companies, the United States District Court in a preliminary opinion ruled that, regardless of the outcome of the suit, the companies would not be required to divest themselves of their ownership or interest in service stations operated by independent dealers, nor be prohibited from operating their own service stations. The Government's attempt to change the companies' methods of operation in these respects had been the most sharply contested issue in the case.

* * *

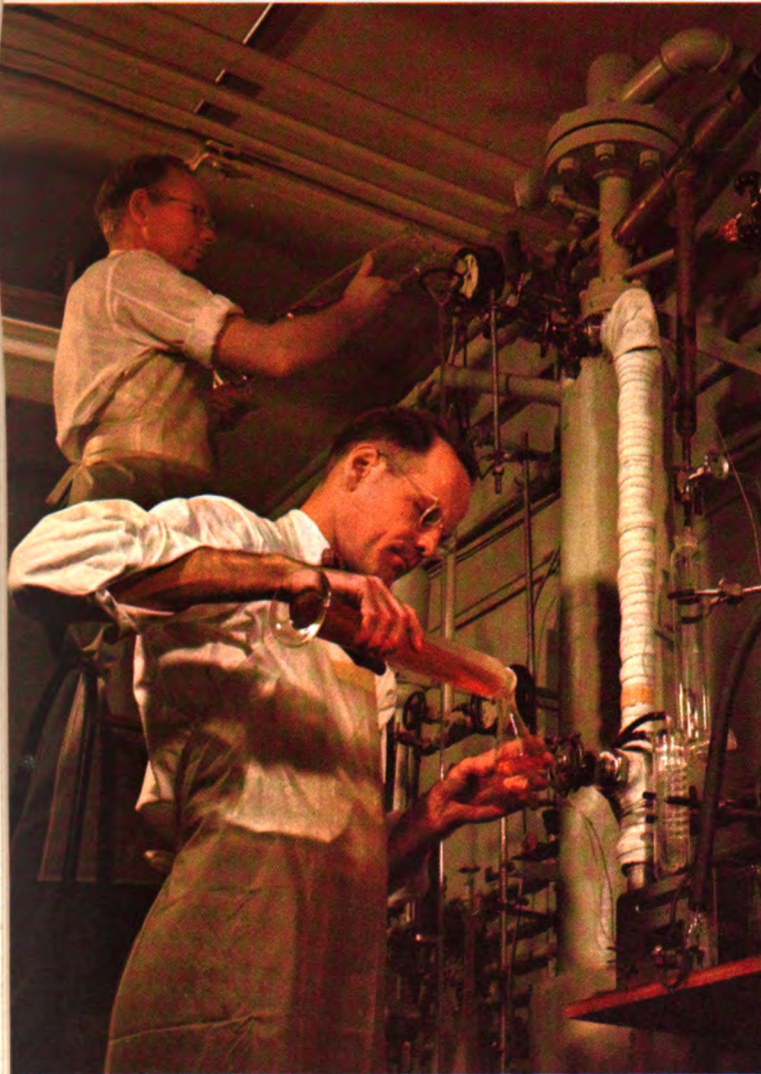
The employees, as always, were instrumental in determining the degree of success of Company operations. The Directors take this opportunity to express their appreciation of the employees' skillful discharge of their duties.

By Order of the Board of Directors

T. S. PETERSEN, President

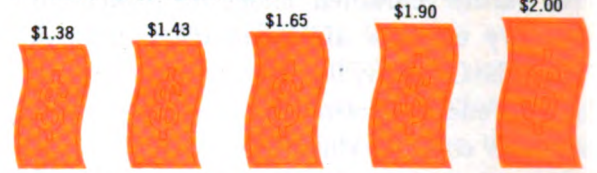
R. G. FOLLIS, Chairman of the Board

March 9, 1959



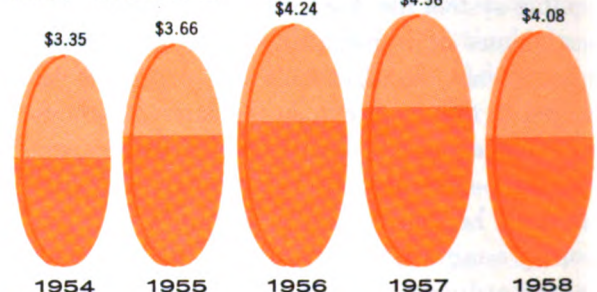
Chemists and pilot plant at the Richmond laboratories of California Research Corporation.

CASH DIVIDENDS*



*plus 5% stock dividends in 1954 and 1955

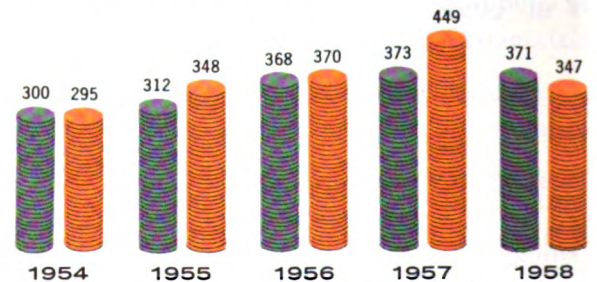
NET INCOME



WESTERN HEMISPHERE EASTERN HEMISPHERE

[all figures in dollars per share on shares now outstanding]

CAPITAL & EXPLORATORY EXPENDITURES AND INVESTMENTS VS. NET CASH GENERATED AFTER DIVIDENDS



NET CASH GENERATED AFTER DIVIDENDS CAPITAL AND EXPLORATORY EXPENDITURES AND INVESTMENTS

[all figures in millions of dollars]

SOURCES AND DISPOSITION OF FUNDS — YEAR 1958

Sources

Net Income	\$257,759,000
Depreciation, Depletion and Amortization	145,891,000
Increase in Borrowings	67,203,000
Exploratory Expenditures Charged to Income	81,902,000
Other	15,488,000
Total	<u>\$568,243,000</u>

Disposition

Capital and Exploratory Expenditures	\$343,306,000
Investments	3,515,000
Cash Dividends to Stockholders	126,449,000
Increase in Cash and Government Securities	94,973,000
Total	<u>\$568,243,000</u>

Review of Operations Western Hemisphere

Standard Oil Company
of California

EXPLORATION AND PRODUCTION

Notwithstanding occasional business slow-downs, the long term pattern of the American and Free World economy is one of steady growth, attended by closely related increases in consumption of energy. Thus, to succeed tomorrow, an integrated oil company must be able to find and develop continually greater oil reserves today.

This principle of the oil business has guided the Company's planning for many years. It is reflected in the high proportion of Company expenditures which are allocated annually to exploration and development. In 1958 this figure reached \$235,000,000, out of total capital and exploratory expenditures of \$343,000,000.

Results of the exploratory effort in 1958 were among the most encouraging in the Company's recent history. Exploratory and development drilling and the employment of advanced recovery techniques raised the Company's known reserves of liquid hydrocarbons to the highest level in Company history. Natural gas reserves were also increased to a new high.

Following is a summary of drilling activities in 1958:

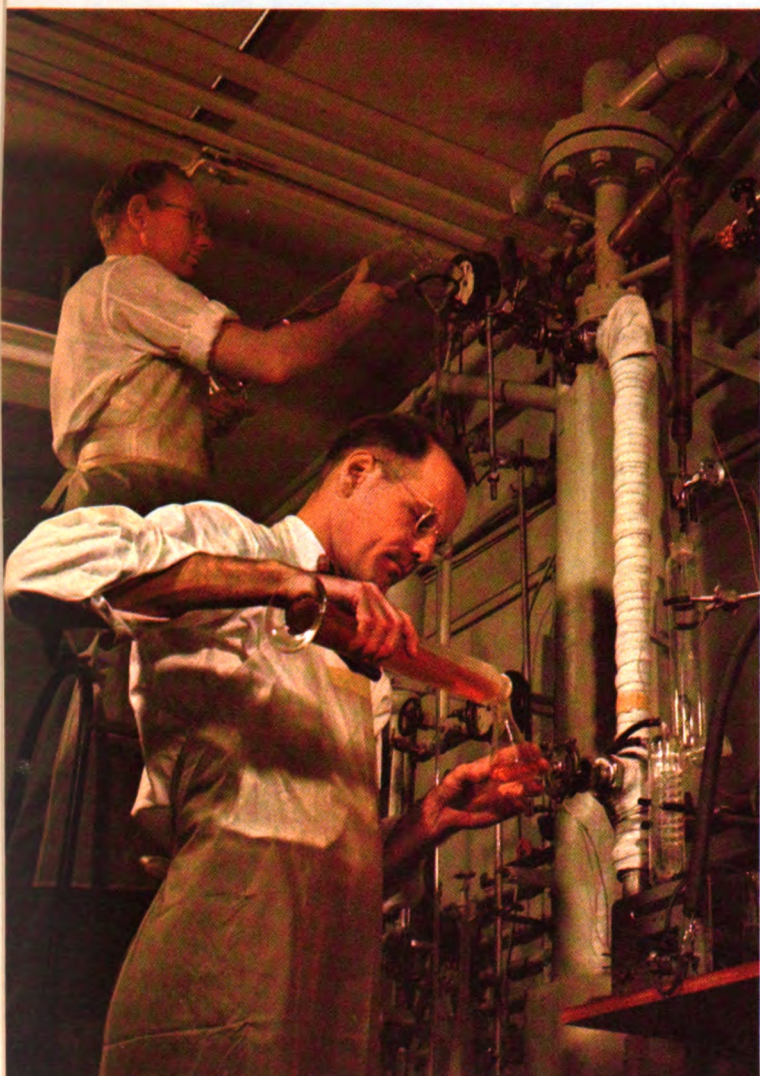
Completions (including gas wells)	
Exploratory	20
Development	517
Dry Holes	
Exploratory	56
Development	53
Total wells drilled	646

Gross production of crude oil and natural gas liquids in the Western Hemisphere totaled

402,300 barrels a day during the year, as against 455,000 barrels daily in 1957. The decline was attributable, first, to cutbacks from the abnormally high level of United States production in 1957; and second, to reduced demand for certain oil products as a result of the recession. It will be recalled that the Suez Crisis early in 1957 spurred United States production to new highs in order to meet Europe's oil needs. When the crisis ended and Europe returned to its usual sources of oil supply, the United States industry was left with excessive inventories and a rate of production that was likewise in excess of domestic needs. Considerable delay and difficulty ensued before inventories and production rates could be readjusted to normal market requirements.

At the close of 1958 the Company had 9,533 producing wells. Exploration and/or production was carried on by operating companies in 21 states, including the new State of Alaska; in seven Canadian provinces or territories; and in 11 countries in Latin America and the Caribbean area. Principal operating companies and their areas of activity included Standard Oil Company of California, Western Operations, Inc. in the Far West, including Alaska; The California Company in the Gulf Coast, Mid-Continent and Rockies; Standard Oil Company of Texas in Texas and New Mexico; Pasotex Petroleum Company in Oklahoma; The California Standard Company in Canada; Richmond Exploration Company in Venezuela; and California Exploration Company and other subsidiaries elsewhere in Latin American countries and the Caribbean.

Following are the highlights of the year's operations, by region:



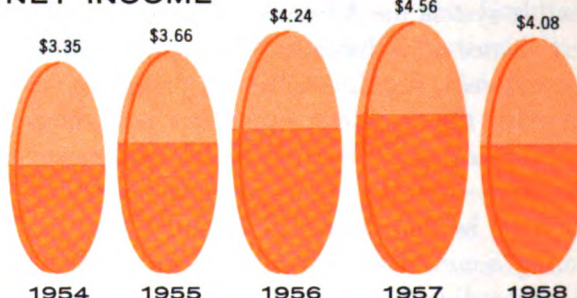
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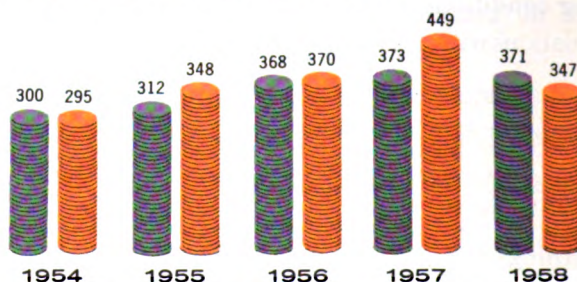
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WESTERN HEMISPHERE EASTERN HEMISPHERE

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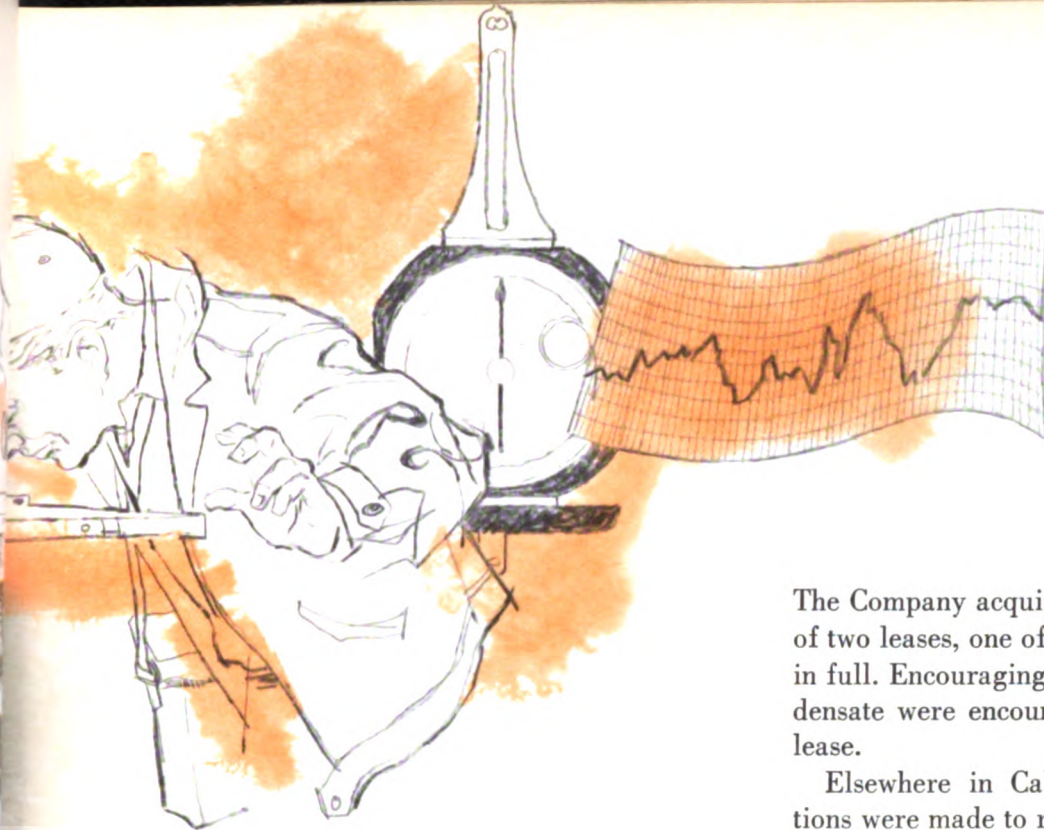
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Exploration ...



Geologist of Richmond Exploration Company examines rock specimen in Venezuelan Andes near border of Colombia.

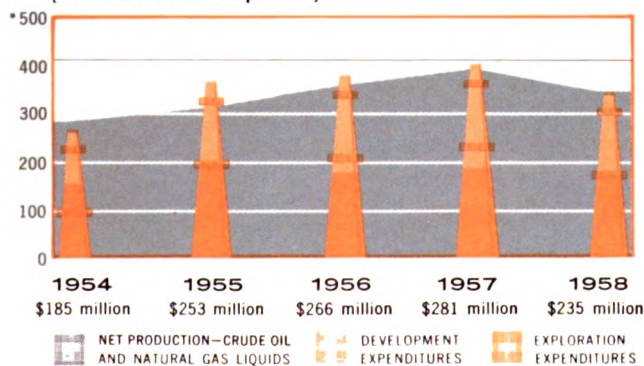


Far Western United States

California's newest offshore production, at Summerland, was discovered by the Company on a State lease which it holds jointly with another company. The discovery well was drilled from a fixed platform, first of its kind in western waters. Further drilling on the lease is under way.

In the meantime, the long-delayed exploration and development of additional California offshore lands moved closer to realization as leasing of other offshore tracts, temporarily suspended in 1957, was resumed by the State.

EXPLORATION AND DEVELOPMENT EXPENDITURES VS. PRODUCTION VOLUME [Western Hemisphere]



[*in thousands of barrels per day]

The Company acquired a half-interest in each of two leases, one of which was later acquired in full. Encouraging showings of gas and condensate were encountered in the jointly held lease.

Elsewhere in California, important additions were made to reserves through discovery or extension of several promising fields.

In Alaska, the Company successfully completed the new state's second commercial producer, in a joint operation on the Kenai Peninsula. Completion of this producer encourages further oil development in the area. Exploratory work is continuing on the Kenai and an over-water seismic study is under way in the adjoining Cook Inlet. Geological investigations are also going on in other parts of Alaska.

Gulf Coast, Rockies and Mid-Continent

The Company's most significant discoveries of the year in this region were accomplished in the offshore field at Bay Marchand, Louisiana. New pool discoveries confirmed that the field will rank with the largest in south Louisiana. It now seems probable reserves at Bay Marchand are double the total previously estimated.

Important new fields or pools were also found in Texas, Mississippi, Wyoming and offshore and onshore Louisiana. A number of other discoveries in Louisiana and one each in Colorado and Wyoming are undergoing further testing to assess their importance. Additionally, the Company has an advantageous land position adjoining discoveries made by others in North Dakota and New Mexico.

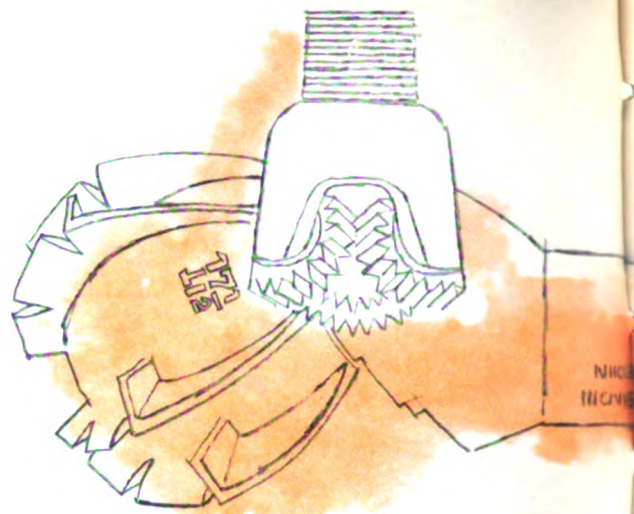
Exploratory studies were continued in all of the above-named states and in Alabama, Oklahoma, Montana and offshore Florida.

Production by the Company in the offshore area of the Gulf Coast continued to be the highest in the industry, though declining somewhat as a result of a reduction in production rates set by the states. Company production reached 43,000 barrels daily, or 27 per cent of the industry total in the offshore area.

Other Western Hemisphere

In Western Canada during the year the Company made a successful gas discovery and engaged in exploratory drilling, adding to its oil reserves in the important Kaybob area of Alberta and in other areas of interest. Field parties continued studies over the 11,500,000 acres of lands held by the Company in Canada.

Construction was begun on a natural gas processing plant which will enable the Company to augment its income from its substantial Canadian gas reserves. The Company's oil production in Canada for 1958 declined 10 per cent from the preceding year. This was mainly attributable to government-ordered production cutbacks which were prompted by the world over-supply of crude oil.



In Venezuela an exploratory well was completed which may lead to development of the Company's first relatively high-gravity oil field in that country. It is the deepest producer ever drilled in Venezuela.

Development drilling in the Boscan field, from which the Company produces an asphaltic-type specialty crude, was continued. Production declined to 75,200 barrels daily, 18 per cent below last year's peak, again reflecting the general United States economic situation and the lowered market demand for oil.

Other exploratory drilling activities were carried on in the Bahamas, Trinidad, Guatemala and Colombia. Geological or geophysical studies were conducted in these countries and in Cuba, Ecuador, Peru, Bolivia and British Guiana.

CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION — (Barrels Per Day)

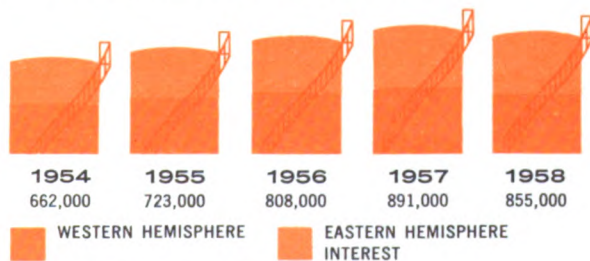
	<i>Gross</i>		<i>Net</i>	
	1958	1957	1958	1957
California	126,360	138,769	115,038	127,250
Texas-New Mexico	44,028	53,041	38,795	46,711
Louisiana-Mississippi	89,533	97,822	77,035	84,167
Colorado-Wyoming-Utah	42,299	46,397	36,959	40,280
Other States	1,784	1,370	1,558	1,192
Canada	23,082	25,612	20,298	22,431
South America	75,215	92,034	62,680	76,696
Total Western Hemisphere	402,301	455,045	352,363	398,727
Eastern Hemisphere*	452,591	436,031	445,989	430,009
Total World-Wide	854,892	891,076	798,352	828,736

*Proportion of operations in Eastern Hemisphere represented by the Company's stock interest in affiliates owned 50% or less and a subsidiary.

... and Production



GROSS CRUDE OIL AND NATURAL
GAS LIQUIDS PRODUCTION



[all figures in barrels per day]

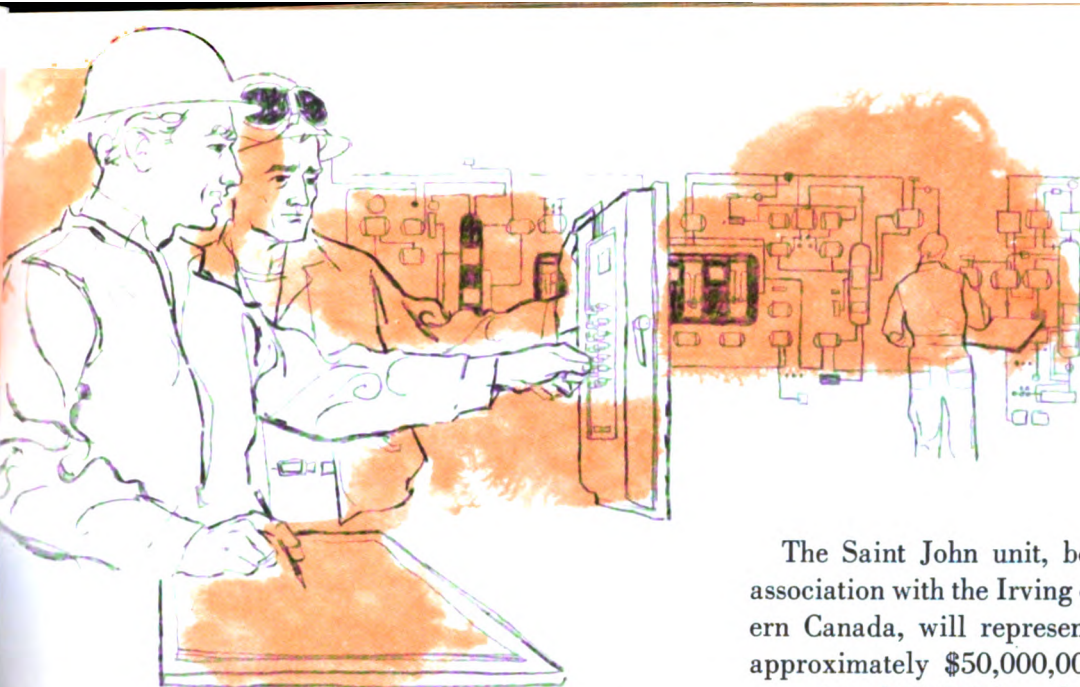


Drilling platform near Summerland, California, two miles offshore.

Manufacturing



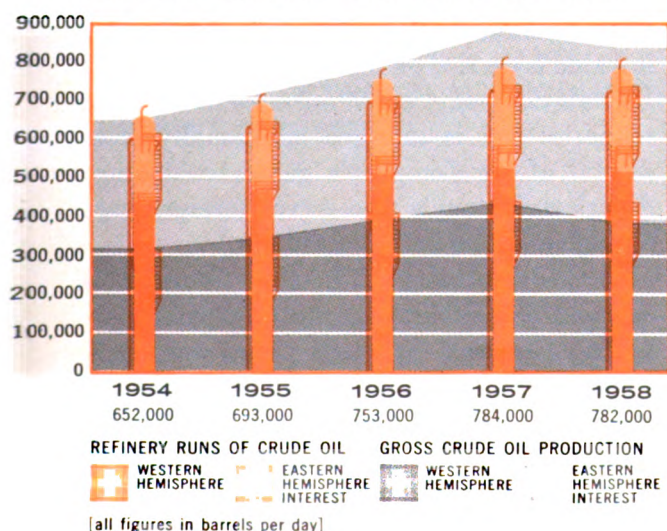
Main crude refining section of Richmond refinery, at Richmond, California, on San Francisco Bay.



Construction of two new refineries, one near Honolulu and the other at Saint John, New Brunswick, was begun in 1958 to serve more efficiently the fast-growing petroleum requirements of those areas. These new plants are far from the Company's original refining centers, reflecting the expanding nature of Company interests.

Ground for the Hawaiian refinery was broken in the Fall on a 310-acre tract of land 20 miles from Honolulu. Rated at 32,000 barrels daily capacity and costing approximately \$33,000,000, this facility will serve the Hawaiian Islands and nearby markets of the Central Pacific.

REFINERY RUNS OF CRUDE OIL VS. GROSS CRUDE OIL PRODUCTION



The Saint John unit, being constructed in association with the Irving oil interests of Eastern Canada, will represent an investment of approximately \$50,000,000 and will have a capacity of 40,000 barrels a day.

The Company's seven principal refineries presently in operation are located at Richmond, El Segundo and Bakersfield, California; Salt Lake City, Utah; El Paso, Texas; Perth Amboy, New Jersey; and Vancouver, British Columbia.

During the year catalytic reforming units were completed at Richmond and Bakersfield. These and other costly improvements were made by the Company in its gasoline manufacturing facilities to meet requirements of late-model cars.

Additionally, a catalytic cracker for the conversion of heavy fuel oil into more valuable products is nearing completion at Richmond.

Completed also at Richmond were new plants to serve the petrochemicals market. These included a second unit for the manufacture of polybutene, a constituent of plastics and adhesives; and a third plant for the recovery of paraxylene, which is utilized in the production of synthetic fibers and packaging films.

An extensive expansion and modernization program approached completion at the Perth Amboy refinery, and another expansion was begun to increase the output of the American Gilsonite Company's refinery near Grand Junction, Colorado. This latter plant converts Gilsonite, a unique solid hydrocarbon mined in Utah, to high-octane gasoline and high-grade coke. The Company owns 50 per cent of American Gilsonite.

Marketing

The marketing end of the oil industry is most sensitive to fluctuations in the domestic economy, and effects of the business decline which developed in the latter part of 1957 were quickly felt in this division.

Not only was the sales picture adversely affected by this decline but also by an unusually warm and wet winter in the West. This abnormal weather reduced demand for fuel oil and heating oils, while at the same time increasing the available supply of competitive hydroelectric power. Increasing importation of natural gas into the Pacific Coast States likewise aggravated the problem.

Recovery from the business slowdown was noted by midyear, and sales and other operating revenues for the third quarter proved to be the highest for any quarter in the Company's history. The sales picture continued favorable at the close of the year. Further improvement is expected for 1959 with a five per cent increase in sales forecast for the industry.

Sales of the Company are carried on by the following wholly owned operating companies in the regions noted: Standard Oil Company of California, Western Operations, Inc. in the eight Western States, the Hawaiian Islands and elsewhere in the Central Pacific; Standard Oil Company of British Columbia Limited in Western Canada; Standard Oil Company of Texas in West Texas and New Mexico; The California Company in four states of the Rockies and Mid-Continent; The California Oil Company in 12 Eastern States and the District of Columbia; American Bitumuls & Asphalt Company throughout the United States; and the Compañía Petrolera California companies in Central America.

The year saw a continuation of the trend toward higher-powered automobiles. Improvements were again made in the performance of the Company's gasolines to meet requirements of these autos for more powerful fuel.

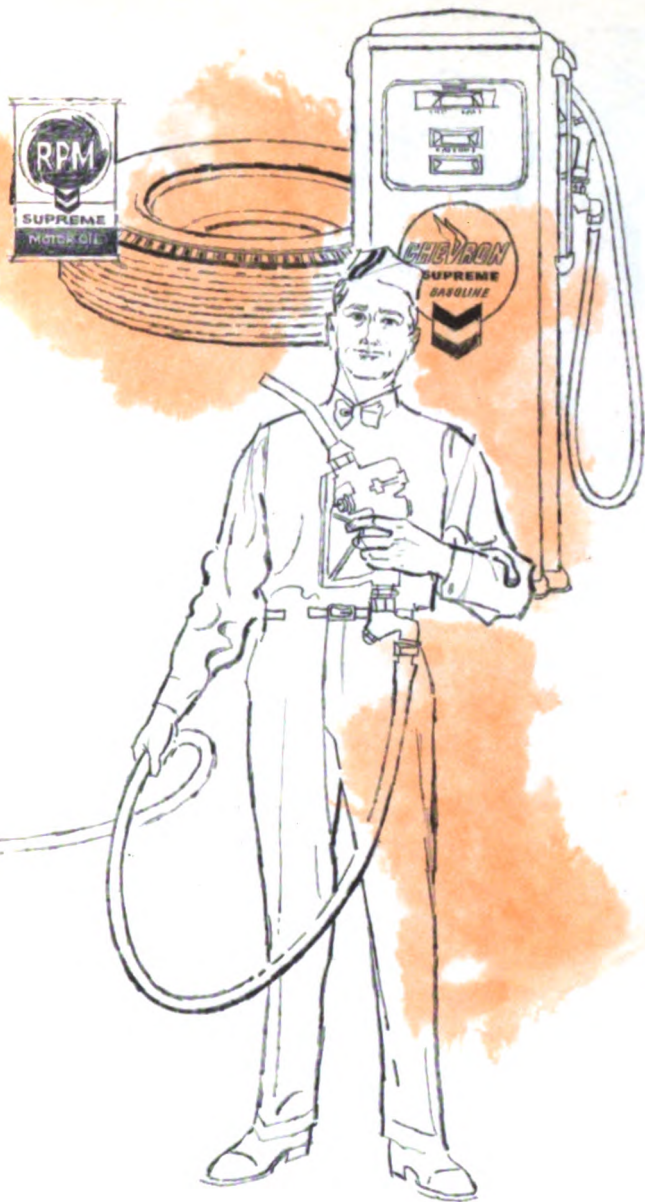
The commercial jet age became a reality as a number of airlines placed their first passenger jetliners in operation. Meeting the fuel needs of these planes will require substantial expenditures for new bulk plant facilities, pipe lines and airport hydrant fueling systems at major air terminals. Construction of these facilities is now in various stages of planning and completion.

Retail marketing of Company products is accomplished through approximately 13,900 service stations in the United States, Hawaii, Western Canada and Central America. All of these stations displayed the familiar Chevron Hallmark in 1958, with the exception of outlets of The California Oil Company, which marketed under the "Calso" brand. California Oil stations will also conform to the Company's nation-wide branding pattern on completion of a conversion program now under way.

During the year the Company continued its program of constructing new service stations and modernizing existing ones to improve convenience and service to the motoring public. Particular emphasis was placed on construction of outlets serving new freeway patterns and growing communities.

Sales of paving and industrial asphalts, in which the Company is one of the leaders in the United States, showed a gain over 1957. This function is carried on by American Bitumuls & Asphalt Company, which operates five asphalt refineries and is supplied additionally from several of the Company's general refineries. American Bitumuls also serves foreign areas through affiliates and a subsidiary.

In Central America, where the Company is engaged in another program to expand marketing operations, new bulk plants were completed in Honduras and Costa Rica, and a marine terminal was constructed in the latter country. Sales activities were also stepped up in Guatemala and El Salvador.

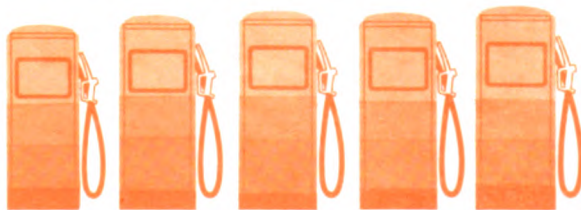


*Standard Stations, Inc. service station,
operating in the Western United States.*

*Chevron (formerly "Calso") station of The California Oil
Company, operating in 12 Eastern Seaboard States.*



SALES OF PETROLEUM PRODUCTS [Western Hemisphere]



1954	1955	1956	1957	1958
434,000	493,000	512,000	501,000	514,000

GASOLINE
 MIDDLE DISTILLATES
 FUEL OIL
 OTHER

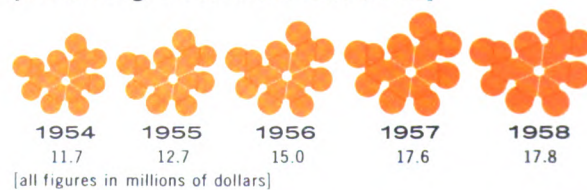
[all figures in barrels per day]

Chevron dealer station, operating in Western United States.



End products of petroleum chemical raw materials include detergents, plastics, adhesives, fabrics, paints, additives for lubricants, as well as fertilizers, insecticides and agricultural chemicals.

EXPENDITURES FOR RESEARCH [Including Technical Services]



CHEMICAL SALES





Research and Chemical Products

RESEARCH

Research is fundamental to industrial progress. This applies particularly to an integrated oil company, which is dependent on continual improvement of its products and processes to maintain a competitive position in the various branches of the oil business.

The Company in 1958 expended about \$17,800,000 on a variety of research projects and services. This figure approximated 1957 expenditures, reflecting the importance of maintaining long-range research programs regardless of temporary economic setbacks.

Research activities of the Company are carried on by California Research Corporation, a wholly owned subsidiary, whose services are available to all operating components of the Company. California Research employs 1,350 men and women, about half of whom hold degrees in the sciences.

Projects carried on by California Research in 1958 emphasized the basic scientific investigations essential for the evolution of new and improved products and processes at lower costs.

Particular attention was devoted to the problem of fulfilling the continually rising octane requirements of passenger automobiles. The objective of this effort is to develop gasolines of higher quality at relatively lower cost, so that high-compression engines may be fueled more economically.

Among improved products perfected for

marketing during the year were a new oil for large marine-type Diesel engines, and a specially developed lubricant for two-cycle outboard motors. Also developed were new types of asphalt emulsions which will enable a wider variety of aggregates to be used in road building.

A synthetic hydraulic fluid was developed by California Research and marketed by Oronite Chemical Company, a subsidiary. It is the only fluid approved for use in the B-58 supersonic bomber. A line of products which will resist radiation from nuclear reactors was developed and is now available commercially.

Research in the fast-growing field of petrochemicals led to further improvement in the synthetic detergents pioneered by the Company. Other studies broadened the markets for petrochemicals employed in the manufacture of plastics and paints. Additionally, research was continued into the possible production of entirely new chemicals from petroleum.

Advances continued in the application of research to problems encountered in exploration and production. Notable examples were the development of improved methods for interpreting seismic signals, and refinement of a technique for evaluating oil prospects through examination of fossilized spores and pollens present in rock samples. Studies also were continued into various methods for increasing production from partially depleted oil fields.



Tanker of California Shipping Company under way in the Pacific.

CHEMICAL PRODUCTS

Marketing of chemical products is accomplished through three principal operating companies: Oronite Chemical Company, California Chemical International, Inc., and California Spray-Chemical Corporation. Chemicals activities are in turn co-ordinated by a fourth subsidiary, California Chemical Company, whose function is to provide long-range planning for orderly and profitable expansion into new fields of industrial and agricultural chemicals.

California Chemical International was organized in 1958 to market Oronite branded products outside of the United States and Canada. Some 24 per cent of sales of Oronite industrial chemicals originate in those areas.

Oronite Chemical Company is the largest marketer of petrochemicals in the Western United States. More than 75 per cent of Oronite branded sales, however, are made elsewhere in the United States and in foreign countries.

In 1958 Oronite supplied 32 different industrial petrochemicals to a broad range of industries. These included chemical intermediates for the manufacture of paints, plastics, waterproof glue, synthetic fiber and rubber, hydraulic fluids for military aircraft and missiles, odorants for use as warning agents in natural gas, high-performance lubricating oil additives, and household and industrial detergents. Terephthalic acid, a new chemical intermediate for the manufacture of synthetic fibers and plastic films, was added to the Oronite line.

Principal plants supplying Oronite are located at the Company refineries in Richmond and El Segundo and at Oak Point, Louisiana.

Foreign markets are now being supplied increasingly from plants constructed and operated locally by Oronite's overseas affiliates. During the year Oronite affiliates completed a detergent plant in France and also undertook construction of a lubricating oil additive plant in that country. The same products are already being manufactured by affiliates in plants

which are located in the United Kingdom.

Calspray operates throughout the United States and, through affiliates, has both plants and distribution in many foreign countries. It manufactures and markets a wide variety of fertilizers and pesticides under the brand name ORTHO for use by farmers and gardeners.

During the year this operating company placed continued emphasis on strengthening and expanding its domestic marketing activities. Plans were approved for the construction of a fertilizer plant at Kennewick, Washington, to serve the agricultural and fruit-growing areas of the States of Washington, Oregon, Idaho and Montana.

TRANSPORTATION

The Company in 1958 operated 27 ocean-going tankers under direct ownership and 19 others under charter for various lengths of time. These vessels moved crude oil and products over world routes. Operations were managed by California Shipping Company, the subsidiary which co-ordinates the Company's marine activities.

The Company's long-range shipbuilding program proceeded on schedule. Due to be completed in 1959 are the *M. S. Alaska Standard* and the first two of ten large tankers under construction for foreign service. A tug and barge for the California inland water service were delivered in mid-1958.

A 700-mile crude oil line from the Four Corners Area of the Southwest to Los Angeles was completed in the Spring with a capacity of 70,000 barrels daily. The Company holds a one-fourth interest in this line.

Also in 1958 the daily capacity of the Salt Lake-Spokane products line was increased from 45,500 to 56,100 barrels daily out of Salt Lake City, and from 24,500 to 29,500 barrels daily out of Boise, Idaho.

Capacity of the El Paso-Albuquerque products line was increased from 9,000 to 11,000 barrels daily through addition of a booster

station at San Antonio, New Mexico. The gathering systems serving El Paso refinery were expanded to increase crude available to the refinery by 6,500 barrels daily.

EMPLOYEE RELATIONS

There were 38,395 men and women employed by the Company and its subsidiaries at the close of 1958. To protect employees' jobs in the face of the year's economic decline, the Company instituted a manpower stabilization program under which replacement of retiring or terminating employees was curtailed. Total employment was thereby reduced without the necessity of general layoffs in any operation.

Specialized staff departments continued to develop and implement personnel relations programs dealing with employment and placement, professional recruitment, training, appraisal and development, labor relations, benefits, safety, industrial hygiene, employee health, employee publications, and executive development.

This last program is designed to broaden the skills and experience of employees who have demonstrated managerial capabilities, preparing them for progressively important assignments and enabling the Company to fill managerial openings from within its own ranks.

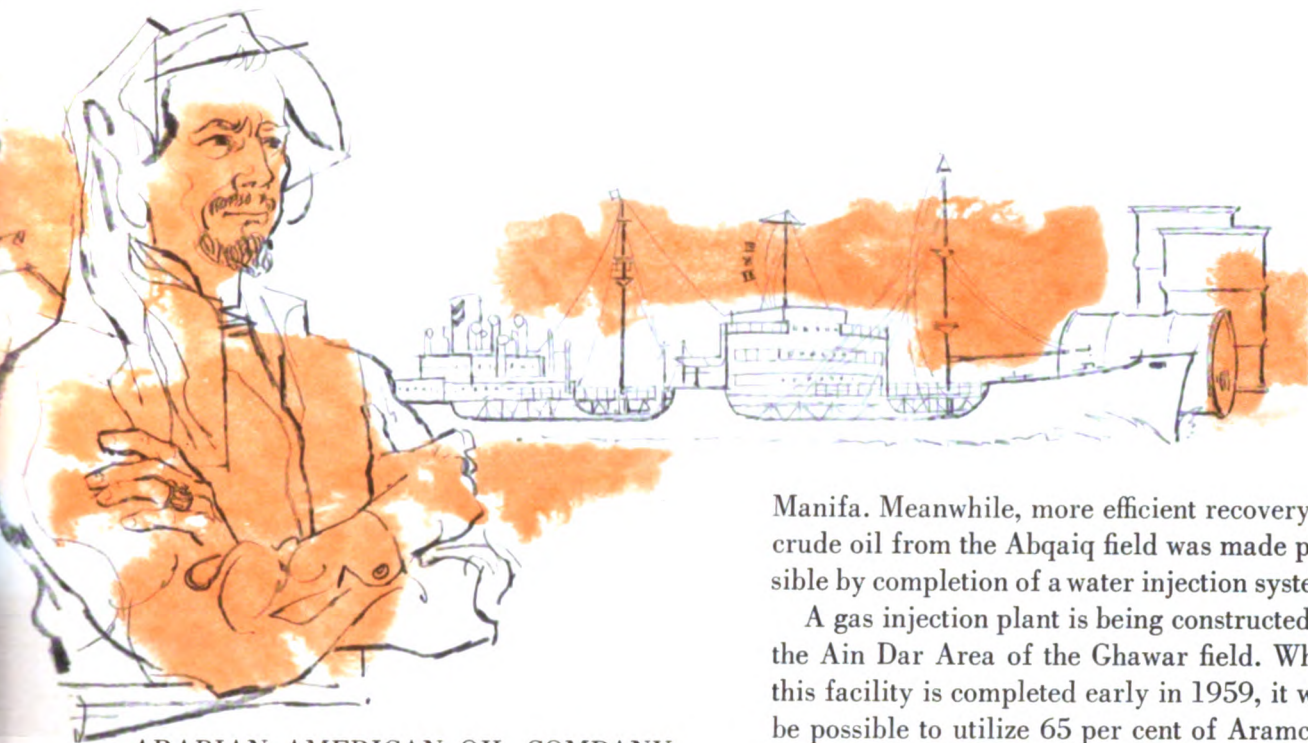
At the end of the year 1,527,000 shares of Company stock were held in trust for employees participating in the Stock Plan. These shares have been purchased in the open market with funds deposited by members of the Plan; with dividends from stock previously purchased, and with Company contributions. There are 15,749 employees now participating, 98 per cent of those eligible. Their rate of contributions to the Plan is exceeding \$4,000,000 annually.

The Company's program of aids to education was continued at about the 1957 level, with the awarding of scholarships, fellowships, research grants, and unrestricted grants to privately endowed colleges and universities.

Eastern Hemisphere



Building 18-inch pipe line through Sumatran jungle from Minas, Duri and smaller oil fields to terminal at Dumai, on the coast.



ARABIAN AMERICAN OIL COMPANY

The Company holds a 30 per cent interest in Aramco. Production of crude oil in Saudi Arabia averaged 1,015,000 barrels daily in 1958, highest in the company's history. Previous high was 992,100 barrels daily, averaged in 1957.

Crude was processed by Aramco's refinery at Ras Tanura at an average rate of 168,100 barrels a day, a decline from the 1957 rate of 192,600 barrels daily. Refinery operations were below capacity, principally due to a lower than normal demand for gasoline, and high fuel oil inventories.

During the year a mobile drilling platform was placed in service to expedite drilling operations on the company's second offshore field,

Manifa. Meanwhile, more efficient recovery of crude oil from the Abqaiq field was made possible by completion of a water injection system.

A gas injection plant is being constructed in the Ain Dar Area of the Ghawar field. When this facility is completed early in 1959, it will be possible to utilize 65 per cent of Aramco's natural gas production for re-injection in the field or as a local fuel.

Construction was begun at Ras Tanura on an alkylation plant, which will equip the refinery to manufacture aviation gasoline.

Employee relations continued to be satisfactory. Higher rates of pay, improved medical services, steady advancement by Saudi Arabs, and various employee benefits contributed to stability in this important area of operations.

Saudi Arab employees are establishing an outstanding record for continuity of service. At the close of 1958 some 30 per cent had been employed for at least 10 years and 40 per cent between five and 10 years.

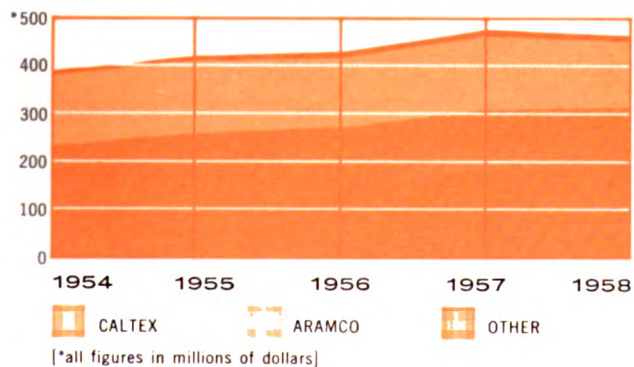
TRANS-ARABIAN PIPE LINE COMPANY

During the year Tapline moved 367,900 barrels of crude oil daily from Saudi Arabia to Sidon, Lebanon. This compared with 347,700 barrels a day in 1957. Throughput was below capacity because of the depressed condition of freight rates for tankers, which are in direct competition with the pipe line.

The final stage in a long-range expansion program to increase capacity to 460,000 barrels a day was completed by midyear.

The Company holds a 30 per cent interest in Tapline.

ADDITIONAL EQUITY IN NET ASSETS OF FOREIGN AFFILIATES



CALTEX

The Caltex Group of companies is one of the important petroleum suppliers in Europe and other Eastern Hemisphere markets. It operates in more than 70 countries outside the Iron Curtain and employs over 37,000 men and women, the majority of whom are citizens of the countries involved. The Company owns a 50 per cent interest in the Caltex Group.

In 1958 the Caltex companies' crude and product sales totaled 665,000 barrels daily, against 673,000 barrels daily in 1957.

Caltex production of crude oil in Sumatra averaged 148,800 barrels daily, compared with 147,200 barrels a day the previous year. Production on Bahrain was 40,700 barrels daily, versus 32,000 barrels daily in 1957.

Early in the year, crude oil exports from Sumatra were interrupted for nearly a month by disturbed internal conditions, but Caltex installations suffered no damage nor were any employees subjected to undue hardship.

The \$50,000,000 Duri-Dumai shipping project in Sumatra was completed on schedule. The first tanker was loaded at the new Dumai oil wharf in July with oil supplied through the new pipe line facilities.

The pipe line access road built by Caltex from Duri to Dumai provided the final link in the first highway to cross Central Sumatra. It has opened up a sizable new area to commercial and industrial development and illustrates the progress made possible by petroleum operations in this promising young republic.

The tankship companies of the Caltex Group were operating 60 owned tankers at the close of the year. An additional 63 tankers were employed under medium and long term charters.

The Caltex companies own or have an interest in 15 refineries which are variously located in Australia, The Philippines, Japan, India, Bahrain Island, Lebanon, France, Italy, Spain and The Netherlands. Modifications and additions were made at a number of these refineries to provide for further quality improve-

ment and for increases in capacity.

Refineries wholly or partially owned by Caltex processed 513,200 barrels of crude oil daily in 1958, compared with 476,000 barrels daily the previous year. Construction continued in Ireland on the new refinery in which Caltex will have a 20 per cent interest.

Exploration continued in many Eastern Hemisphere areas, notably West Australia, The Philippines, Indonesia, Bahrain and Libya.

During the year discoveries were made in France and in south Turkey. Drilling is continuing in both areas to ascertain whether the discoveries are of commercial value. Exploratory activities are also going ahead.

The first exploratory well on the Company's holdings in Libya was unsuccessful. A second well is now under way.

Exploration in Australia continued without success. An agreement in principle was reached between the present shareholders in West Australian Petroleum Pty. Limited for the participation of an additional company. This agreement will reduce the Company's share in the venture from 40 per cent to approximately 28 per cent, but will relieve the Company of further cash obligations for some time.

IRANCAL

The Company has a seven per cent interest in the Oil Consortium which operates Iran's oil industry within a defined area. This interest is held through a wholly owned subsidiary, Iran California Oil Company. The Company's share of Iranian production in 1958 was 52,800 barrels a day, as against 48,200 barrels daily in the previous year. Its share of refinery runs at the Abadan refinery was 19,300 barrels daily versus 18,100 barrels a day in 1957.

During the year the Consortium continued its exploration program in the concession area and moved ahead with development drilling to bring up the capacity of already proved fields. A pipe line and deep water terminal are under construction, with completion of the terminal scheduled for 1960.

Standard Oil Company of California

Consolidated Statement of Income

	1958	1957
<i>Gross Income:</i>		
Sales and other operating revenues	\$1,559,159,867	\$1,650,823,119
Dividends from affiliated and other companies	124,992,107	85,745,948
Other income	4,374,710	3,435,846
	<u>1,688,526,684</u>	<u>1,740,004,913</u>
<i>Expenses:</i>		
Operating expenses	622,599,940	611,056,338
Purchased crude oil, petroleum products and other merchandise	559,742,184	591,858,236
Depreciation, depletion and amortization	145,890,940	148,996,072
Taxes — income, property and other	98,437,390	97,803,724
Interest and debt expense	4,097,411	2,060,152
	<u>1,430,767,865</u>	<u>1,451,774,522</u>
<i>Net Income</i>	<u>\$ 257,758,819</u>	<u>\$ 288,230,391</u>

Consolidated Statement of Earned Surplus

	1958	1957
<i>Balance at Beginning of Year</i>	\$1,062,078,998	\$ 893,970,554
<i>Net Income for Year</i>	257,758,819	288,230,391
<i>Cash Dividends</i>	(126,448,772)	(120,121,947)
<i>Balance at End of Year</i>	<u>\$1,193,389,045</u>	<u>\$1,062,078,998</u>

Consolidated Balance Sheet at December 31

Assets

	1958	1957			
<i>Current Assets:</i>					
Cash	\$ 86,594,940	\$ 96,692,415			
U. S. Government securities, at cost which approximates market	105,708,931	638,432			
Accounts and notes receivable (less reserve of \$2,548,000 in 1958 and \$2,480,000 in 1957)	250,231,190	228,506,987			
<i>Inventories:</i>					
Crude oil and products, at cost (on last-in, first-out basis), which is below market	166,152,883	161,923,073			
Other merchandise, at cost	22,274,032	22,726,342			
Materials and supplies, at or below cost	54,911,986	71,135,987			
	<u>685,873,962</u>	<u>581,623,236</u>			
<i>Long Term Receivables</i>					
(less reserve of \$270,000 in 1958 and 1957)	20,188,650	16,017,121			
<i>Investments in Companies Not Wholly Owned (At or Below Cost):</i>					
Operating in foreign countries	67,679,153	65,201,899			
Operating in the United States	17,558,828	16,521,322			
<i>Properties, Plant and Equipment:</i>					
<i>Classification</i>	<i>Gross Book Value</i>	<i>Depreciation, Depletion and Amortization Reserves</i>	<i>Net Book Value</i>		
Producing	\$1,834,284,323	\$ 832,792,970	\$1,001,491,353		
Pipe Line	107,033,849	52,132,680	54,901,169		
Manufacturing	621,297,702	308,714,359	312,583,343		
Marine	109,457,145	46,087,719	63,369,426		
Marketing	246,357,351	94,097,840	152,259,511		
Motor Transport	26,452,328	14,813,616	11,638,712		
Other	47,287,624	14,201,838	33,085,786		
Total	<u>\$2,992,170,322</u>	<u>\$1,362,841,022</u>	<u>\$1,629,329,300</u>	1,629,329,300	1,537,533,829
<i>Prepaid and Deferred Charges</i>			30,439,508		29,398,691
Total Assets			<u>\$2,451,069,401</u>		<u>\$2,246,296,098</u>

Standard Oil Company of California

Liabilities

	1958	1957
<i>Current Liabilities:</i>		
Accounts payable	\$ 164,193,469	\$ 168,855,642
Current installments of long term debt and notes payable	1,705,120	31,743,540
Federal and other taxes based on income (estimated)	53,517,428	45,647,750
Other taxes payable	40,021,194	38,152,411
	259,437,211	284,399,343
<i>Long Term Debt:</i>		
Standard Oil Company of California:		
4 $\frac{3}{8}$ % sinking fund debentures due July 1, 1983	150,000,000	—
Loans from banks — paid in 1958	—	50,000,000
Purchase obligation due annually to 1961	985,652	1,782,808
Subsidiary Company:		
Salt Lake Pipe Line Company 2.7% to 4.75% notes due in varying amounts to 1979	28,500,000	30,500,000
	179,485,652	82,282,808
<i>Reserves — General Insurance and Benefits</i>	21,936,262	20,713,718
	460,859,125	387,395,869

Stockholders' Equity

<i>Capital Stock — \$6.25 par value.</i>	395,152,412	395,152,412
Shares authorized . . . 80,000,000		
Shares issued 63,224,386		
<i>Capital Surplus</i>	401,668,819	401,668,819
<i>Earned Surplus</i>	1,193,389,045	1,062,078,998
	1,990,210,276	1,858,900,229
<i>Total Stockholders' Equity</i>	1,990,210,276	1,858,900,229
<i>Total Liabilities and Equity</i>	\$2,451,069,401	\$2,246,296,098

Notes to Financial Statements

Principles of Consolidation

The accounts of all wholly owned subsidiary companies are included in the consolidated financial statements.

The Company's equity in undistributed net income of unconsolidated companies over 50% owned has increased \$2,967,653 since acquisition; its equity in their 1958 net income exceeded dividends received from them during the year by \$1,095,937. The investment in such companies at December 31, 1958 was carried at \$12,471,121. Dividends received by the Company during 1958 from affiliated companies owned 50% or less operating in foreign countries exceeded the Company's equity in their 1958 net income by \$5,283,840, principally Eastern Hemisphere.

No provision has been made for foreign and domestic taxes which may be payable on future distributions from surplus of wholly owned subsidiaries and of companies not wholly owned.

Properties, Plant and Equipment

Properties, plant and equipment are carried at cost. Exploration expenditures resulting in the acquisition or retention of properties are capitalized, while the remainder is charged to operating expenses. Costs of undeveloped leaseholds are amortized at rates which are based upon past experience. Costs of wells capable of commercial production are capi-

talized, and costs of unproductive wells are charged to operating expenses.

Contingent Liabilities and Commitments

At December 31, 1958 the Company and its subsidiaries had contingent liabilities of \$55,019,245 as guarantor of notes of affiliated companies operating in foreign countries and \$22,924,936 as guarantor of notes of others. The Company and its subsidiaries have certain other contingent liabilities in respect of litigation, claims, renegotiation, commitments, taxes and as guarantor of contracts. Officials of the Company are of the opinion that such contingent liabilities will not result in any significant financial liability in relation to the net assets of the Company and its subsidiaries.

At December 31, 1958 the Company and its subsidiaries had long term charters and leases, expiring more than three years from such date, covering tankers, service stations and office space. The charter hire and net rentals under such agreements are estimated to average approximately \$39,000,000 annually during the next three years.

Retirement Plans

The companies provide for their liabilities under retirement plans by deposits with trustees and insurance companies.

Taxes

	1958	1957
Federal and other taxes based on income (estimated)	\$ 39,600,000	\$ 40,100,000
Property and other taxes	58,837,390	57,703,724
Total taxes charged to expenses	98,437,390	97,803,724
Manufacturer and consumer excise taxes (collections for account of governments)	213,921,676	210,948,793
Total	<u>\$312,359,066</u>	<u>\$308,752,517</u>

Report of Independent Public Accountants

*To the Board of Directors of
Standard Oil Company of California:*

In our opinion, the accompanying consolidated balance sheet and the related statements of income and earned surplus, together with the notes thereto, present fairly the consolidated financial position of Standard Oil Company of California and wholly owned subsidiary companies at December 31, 1958 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

San Francisco, March 9, 1959

Ten Years of Financial and Operating

		1958	1957	1956
<i>Annual Data</i>				
<i>Financial</i>	Net Income	\$ 257,759,000	\$ 288,230,000	\$ 267,891,000
	Per Share . (On 63,224,386 shares at Dec. 31, 1958) . . .	\$ 4.08	\$ 4.56	\$ 4.18
	Dividends	\$ 126,449,000	\$ 120,122,000	\$ 104,320,000
	Stock (In year declared) and Stock Splits			2 for 1
	Cash Per Share — (On shares outstanding during the year) .	\$ 2.00	\$ 1.90	\$ 1.80
	— (On 63,224,386 shares at Dec. 31, 1958) .	\$ 2.00	\$ 1.90	\$ 1.80
	Sales and Other Operating Revenues	\$1,559,160,000	\$1,650,823,000	\$1,452,521,000
	Depreciation, Depletion and Amortization	\$ 145,891,000	\$ 148,996,000	\$ 145,557,000
	<i>Year-End Data</i>			
	Total Assets	\$2,451,069,000	\$2,246,296,000	\$2,041,373,000
<i>Operating</i>	Liabilities	\$ 460,859,000	\$ 387,396,000	\$ 350,581,000
	Stockholders' Equity — at Book Value	\$1,990,210,000	\$1,858,900,000	\$1,690,792,000
	Working Capital (Net Current Assets)	\$ 426,437,000	\$ 297,224,000	\$ 308,584,000
	Properties, Plant and Equipment (Net)	\$1,629,329,000	\$1,537,534,000	\$1,394,070,000
	Number of Stockholders	152,754	148,315	137,515
	Number of Shares Outstanding	63,224,386	63,224,386	63,224,386
	<i>Foreign Affiliates (Principally Eastern Hemisphere) *</i>			
	Excess of Company's Equity in Net Income for Year			
	Over Dividends Received	\$ (4,160,000)	\$ 48,132,000	\$ 10,978,000
	Excess of Company's Equity in Net Assets at Book Value			
<i>WESTERN HEMISPHERE</i>	Over Investment on Company's Books	\$ 447,825,000	\$ 451,912,000	\$ 417,624,000
	Gross Production of Crude Oil and Natural Gas Liquids (Barrels)	146,840,000	166,091,000	152,013,000
	Net Production of Crude Oil and Natural Gas Liquids (Barrels)	128,612,000	145,535,000	133,810,000
	Purchases of Crude Oil, Excluding Royalty (Barrels) . . .	137,522,000	143,095,000	125,084,000
	Refinery Runs of Crude Oil (Barrels)	185,787,000	189,282,000	184,525,000
	Sales of Petroleum Products (Barrels)	187,482,000	182,986,000	187,353,000
	Sales of Crude Oil (Barrels)	88,218,000	107,131,000	87,305,000
	Sales of Natural Gas (1,000 Cu. Ft.)	163,298,000	122,698,000	108,354,000
	Inventories of Crude Oil and Products (Barrels)	71,045,000	65,301,000	48,999,000
	Number of Wells Drilled† — Oil and Gas	537	792	1,011
<i>EASTERN HEMISPHERE *</i>	Dry	109	176	211
	Producing Oil and Gas Wells†	9,533	9,568	9,568
	Acceage of Oil and Gas Properties (Net) — United States .	11,375,000	11,588,000	10,980,000
	Foreign	51,888,000	36,844,000	35,115,000
	Number of Employees	38,395	40,121	36,711
	Gross Production of Crude Oil (Barrels)	165,196,000	159,152,000	143,892,000
	Refinery Runs of Crude Oil (Barrels)	99,545,000	96,865,000	91,132,000
	Sales of Petroleum Products (Barrels)	91,788,000	91,458,000	88,995,000
	Gross Production of Crude Oil and Natural Gas Liquids (Barrels)	312,036,000	325,243,000	295,905,000
	Refinery Runs of Crude Oil (Barrels)	285,332,000	286,147,000	275,657,000
<i>TOTAL WORLD-WIDE</i>	Sales of Petroleum Products (Barrels)	279,270,000	274,444,000	276,348,000

†On basis of Company's net interest in all wells in which it has an equity.

\$1.50 on 31,612,193 shares before 2 for 1 stock split and \$.90 on 63,224,386 shares after split.

#Including 5% stock dividend declared but paid in January, 1950.

Statistics

Standard Oil Company of California and Wholly Owned Subsidiaries

1955	1954	1953	1952	1951	1950	1949
231,139,000	\$ 211,872,000	\$ 189,453,000	\$ 174,030,000	\$ 173,341,000	\$ 150,804,000	\$ 136,018,000
3.66	\$ 3.35	\$ 3.00	\$ 2.75	\$ 2.74	\$ 2.39	\$ 2.15
90,321,000	\$ 87,064,000	\$ 86,020,000	\$ 86,020,000	\$ 74,532,000	\$ 71,620,000	\$ 54,580,000
5%	5%			2 for 1 split		5%
3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 2.60	\$ 5.00	\$ 4.00
1.43	\$ 1.38	\$ 1.36	\$ 1.36	\$ 1.18	\$ 1.13	\$.86
277,840,000	\$1,113,343,000	\$1,080,425,000	\$1,015,309,000	\$ 975,378,000	\$ 815,620,000	\$ 742,551,000
138,395,000	\$ 118,768,000	\$ 108,115,000	\$ 98,944,000	\$ 86,764,000	\$ 75,266,000	\$ 75,707,000
855,610,000	\$1,677,849,000	\$1,535,184,000	\$1,407,198,000	\$1,365,574,000	\$1,232,953,000	\$1,157,703,000
328,389,000	\$ 291,446,000	\$ 273,589,000	\$ 249,037,000	\$ 295,424,000	\$ 261,612,000	\$ 265,545,000
527,221,000	\$1,386,403,000	\$1,261,595,000	\$1,158,161,000	\$1,070,150,000	\$ 971,341,000	\$ 892,158,000
283,228,000	\$ 282,224,000	\$ 273,240,000	\$ 235,136,000	\$ 227,861,000	\$ 189,925,000	\$ 237,121,000
270,320,000	\$1,137,856,000	\$1,037,659,000	\$ 977,159,000	\$ 903,493,000	\$ 852,476,000	\$ 772,735,000
119,793	114,607	112,269	109,749	104,857	98,605	94,691
31,612,193	30,106,851	28,673,192	28,673,192	28,673,192	14,336,596	14,336,596#
21,341,000	\$ 9,353,000	\$ 48,637,000	\$ 48,886,000	\$ 43,576,000	\$ 15,710,000	\$ 36,717,000
406,729,000	\$ 385,390,000	\$ 376,036,000	\$ 327,397,000	\$ 278,500,000	\$ 231,720,000	\$ 203,833,000
133,534,000	122,758,000	123,326,000	123,427,000	119,759,000	113,381,000	109,936,000
117,719,000	108,222,000	109,564,000	110,090,000	107,451,000	101,463,000	99,703,000
114,717,000	97,816,000	106,668,000	100,426,000	92,052,000	71,071,000	59,485,000
168,698,000	157,070,000	163,011,000	149,395,000	138,515,000	110,457,000	111,555,000
179,804,000	158,340,000	157,947,000	155,389,000	147,941,000	132,016,000	120,223,000
69,817,000	54,029,000	59,798,000	65,277,000	62,455,000	56,424,000	44,698,000
113,252,000	98,858,000	83,859,000	81,491,000	87,403,000	113,834,000	117,119,000
48,980,000	53,583,000	48,169,000	37,343,000	33,166,000	31,791,000	33,554,000
705	547	456	516	460	421	383
117	125	113	173	103	67	70
8,634	8,288	7,955	7,190	6,907	6,498	5,679
10,707,000	7,034,000	8,192,000	9,162,000	7,670,000	4,032,000	3,787,000
31,096,000	27,261,000	24,667,000	21,958,000	12,003,000	6,457,000	6,625,000
36,369	35,354	34,940	34,753	32,339	30,671	29,846
30,484,000	118,834,000	105,862,000	98,969,000	89,061,000	65,547,000	57,868,000
84,068,000	80,894,000	73,631,000	65,654,000	60,182,000	45,762,000	42,087,000
79,244,000	74,309,000	69,356,000	61,887,000	55,503,000	42,830,000	42,771,000
64,018,000	241,592,000	229,188,000	222,396,000	208,820,000	178,928,000	167,804,000
52,766,000	237,964,000	236,642,000	215,049,000	198,697,000	156,219,000	153,642,000
59,048,000	232,649,000	227,303,000	217,276,000	203,444,000	174,846,000	162,994,000

*Represents foreign affiliates (owned less than 100%).

*Proportion of operations in Eastern Hemisphere represented by the Company's stock interest in affiliates and subsidiaries.



Standard Oil Company of California World Petroleum Flow

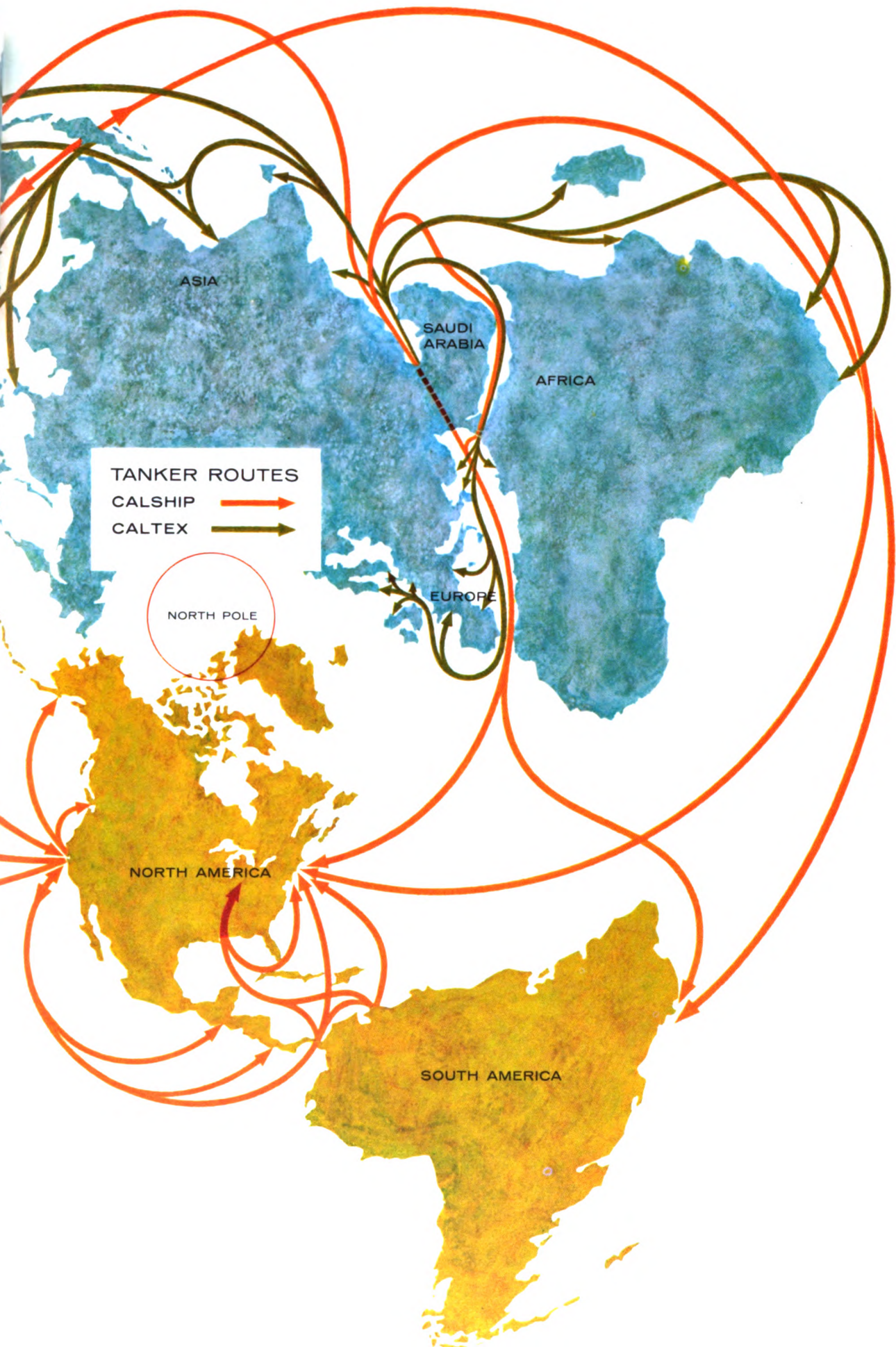
VIA TANKERS OF STANDARD OIL COMPANY OF CALIFORNIA
AND SUBSIDIARIES AND AFFILIATES

In any given area, Standard Oil Company of California, its subsidiaries or affiliates, may produce more or less oil than they refine or sell. Markets or refineries may be far from the point of production. To keep these factors in balance, there is a continuous world-wide flow of crude oil and products via tanker.

The map on these pages illustrates the tanker routes of this movement. The orange lines follow the sea routes of 26 tankers managed by California Shipping Company, a wholly owned subsidiary of Standard Oil Company of California, operating to and between ports of the Western Hemisphere. Among these are 20 tankers of standard size (18,000 dead-weight tons or smaller) and six super-tankers (over 28,000 dead-weight tons). In addition, two standard tankers and 17 super-tankers were under charter during 1958, making a total fleet of 45. The total capacity of this owned and chartered fleet is more than ten million barrels.

In addition to this fleet, the Caltex Group of companies, in which Standard Oil Company of California has a 50 per cent interest, maintains one of the largest tanker fleets in the world, operating throughout the Eastern Hemisphere. Caltex owns 60 tankers, of which 55 are of standard size and five of super-tanker size. Caltex chartered 63 additional tankers in 1958, of which 44 are standard and 19 of super-tanker size, making a total fleet of 123 vessels. The total capacity of the Caltex fleet is more than twenty million barrels.

All together, this world-wide transport system is served by 168 tankers and super-tankers, with a capacity greater than thirty million barrels, delivering a major part of the total production of Standard Oil Company of California and its proportionate share of affiliate production — which amounts to between five and six per cent of the Free World's oil.



Standard Oil Company of California and Subsidiary and Affiliated Companies

FIGURES IN PARENTHESES ARE COMPANY VOTING INTEREST (%)

PRINCIPAL AREAS OF OPERATION

<i>United States</i>	STANDARD OIL COMPANY OF CALIFORNIA	Exploration, Producing Transporting, Refining and Marketing	<i>California, Washington, Oregon, Arizona, Nevada, Idaho, Utah, Alaska and Hawaii</i> <i>United States and Puerto Rico</i> <i>United States and Foreign</i> <i>United States and Foreign</i> <i>United States and Canada</i> <i>New York and Washington, D.C.</i> <i>California</i> <i>United States and Foreign</i> <i>United States and Foreign</i> <i>United States and Canada</i> <i>California</i> <i>Colorado</i> <i>Oklahoma</i> <i>Texas</i> <i>Utah, Colorado, Idaho, New Mexico, Oregon, Texas and Washington</i> <i>Utah</i> <i>Texas and New Mexico</i> <i>California</i> <i>Seven Western States</i> <i>Rocky Mountain, Central, Eastern and Southeastern States</i> <i>Eastern United States</i> <i>California</i> <i>Utah and Colorado</i>
	STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC. (100)	Management Company	
	AMERICAN BITUMULS & ASPHALT COMPANY (100)	Refining and Marketing Asphalts and Asphalt Emulsions	
	CALIFORNIA CHEMICAL COMPANY (100)	Chemical Management	
	CALIFORNIA SPRAY-CHEMICAL CORPORATION (100)	Agricultural Chemicals	
	ORONITE CHEMICAL COMPANY (100)	Industrial Chemicals	
	CALIFORNIA COMMERCIAL COMPANY, INC. (100)	Service Company	
	CALIFORNIA RESEARCH CORPORATION (100)	Research and Development	
	CALIFORNIA SHIPPING COMPANY (100)	Marine Transportation Management	
	CALIFORNIA TANKER COMPANY (100)	Marine Transportation	
	CHEVRON OIL COMPANY (100)	Geophysical Surveys	
	LOMITA GASOLINE COMPANY (100)	Natural Gasoline	
	PACIFIC OIL COMPANY (100)	Shale Lands	
	PASOTEX PETROLEUM COMPANY (100)	Exploration, Producing and Marketing	
	PASOTEX PIPE LINE COMPANY (100)	Oil Transportation	
	SALT LAKE PIPE LINE COMPANY (100)	Oil Transportation	
	SALT LAKE REFINING COMPANY (100)	Refining	
	STANDARD OIL COMPANY OF TEXAS (100)	Exploration, Producing Refining and Marketing	
	STANDARD PIPE LINE COMPANY (100)	Oil Transportation	
	STANDARD STATIONS, INC. (100)	Service Station Operation	
	THE CALIFORNIA COMPANY (100)	Exploration, Producing and Marketing	
<i>Canada</i>	THE CALIFORNIA OIL COMPANY (100)	Refining and Marketing	<i>Western Canada</i> <i>Western Canada</i>
	BRITISH COLUMBIA LIMITED (100)	Refining and Marketing	
	THE CALIFORNIA STANDARD COMPANY (100)	Exploration and Producing	
<i>Central and South America</i>	ASFALTOS CALIFORNIA S. A. (99.99)	Asphalt Products	<i>Brazil</i> <i>Bolivia</i> <i>Ecuador</i> <i>Foreign</i> <i>British Guiana</i> <i>Mexico</i> <i>Guatemala</i> <i>Guatemala, El Salvador, Costa Rica, Honduras and Canal Zone</i> <i>Venezuela</i> <i>Peru</i> <i>Colombia</i>
	BOLIVIA CALIFORNIA PETROLEUM COMPANY (100)	Exploration	
	CALIFORNIA ECUADOR PETROLEUM COMPANY (100)	Exploration	
	CALIFORNIA EXPLORATION COMPANY (100)	Exploration Investigations	
	CALIFORNIA OIL COMPANY (BRITISH GUIANA) LIMITED (100)	Exploration	
	COMPAÑIA COMERCIAL CALIFORNIA, S. A. (96)	Service and Marketing	
	COMPAÑIA GUATEMALA CALIFORNIA DE PETROLEO (100)	Exploration	
	COMPAÑIA PETROLERA CALIFORNIA COMPANIES (100)	Marketing	
	RICHMOND EXPLORATION COMPANY (100)	Exploration, Producing and Refining	
	RICHMOND OIL COMPANY (100)	Exploration	
<i>Caribbean Area</i>	RICHMOND PETROLEUM COMPANY OF COLOMBIA (100)	Exploration	
	BAHAMA CALIFORNIA OIL COMPANY (100)	Exploration	<i>Bahama Islands</i> <i>Jamaica</i> <i>Cuba</i> <i>Trinidad</i>
	BAHAMA CALIFORNIA OIL COMPANY LIMITED (100)	Exploration	
	CUBA CALIFORNIA OIL COMPANY (100)	Exploration	
<i>Middle East</i>	DOMINION OIL LIMITED (100)	Exploration	
	ARABIAN AMERICAN OIL COMPANY (30)	Exploration, Producing and Refining	<i>Saudi Arabia</i> <i>Middle East</i> <i>Iran</i>
	TRANS-ARABIAN PIPE LINE COMPANY (30)	Oil Transportation	
	IRAN CALIFORNIA OIL COMPANY (100) . Owns 7% Interest in Iranian Oil Operations		
<i>Other Foreign Areas</i>	CALIFORNIA ASIATIC OIL COMPANY (100)	Exploration and Marketing	<i>Foreign</i> <i>Foreign</i> <i>Foreign</i> <i>Foreign</i> <i>Eastern Hemisphere</i> <i>North and South America and Pacific area</i> <i>Eastern Hemisphere except Russia</i> <i>China, Central Europe and portions West Africa.</i>
	CALIFORNIA CHEMICAL INTERNATIONAL, INC. (100)	Industrial Chemicals	
	CALIFORNIA CRUDE SALES COMPANY (100)	Crude Marketing	
	CALIFORNIA TRANSPORT CORPORATION (100)	Marine Transportation and Marketing	
	CALIFORNIA SPRAY CHEMICAL COMPAGNIE FRANCAISE S. A. (98.11)		
		Agricultural Chemicals	
	INTERNATIONAL BITUMEN EMULSIONS CORPORATION (100)	Asphalt Emulsions	
	CALTEx GROUP OF COMPANIES (50)	Exploration, Producing, Refining Marine Transportation and Marketing	



ANNUAL MEETING OF STOCKHOLDERS . . . FIRST THURSDAY IN MAY, AT THE COMPANY'S
PRINCIPAL BUSINESS OFFICE, STANDARD OIL BUILDING, 225 BUSH STREET, SAN FRANCISCO.

TRANSFER AGENTS: Standard Oil Company of California, Standard Oil Building,
San Francisco 20, California; The Chase Manhattan Bank, 11 Broad Street, New
York 15, N. Y.; Montreal Trust Company, 466 Howe Street, Vancouver, Canada.

REGISTRARS: Crocker-Anglo National Bank, 1 Sansome Street, San Francisco
20, California; The First National City Bank of New York, 2 Wall Street, New York
15, N. Y.; National Trust Company, Limited, Burrard at Pender, Vancouver, Canada.

